



PUBLIC HEALTH EXPENDITURE IN INDIA

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ABSTRACT

A country's economic progress and health status are influenced by its health expenditure. India's public spending is very low and differs from state to state. In this view, we assess public health spending in various Indian states in relation to their Gross State Domestic Product (GSDP) and per capita income. The data was taken from the National Health Accounts (NHA). After the implementation of NRHM, the majority of states decreased their share of health. The highest decline is observed in economically advanced states like Maharashtra, Haryana, Gujarat, Punjab, Tamil Nadu, and Karnataka. Himachal Pradesh is the only state that contributed more than half of its public health spending to state health spending. Per capita health spending is very high in Kerala. Knowledge of factors associated with health expenditure and well-designed public policy would help to better plan for the future.

KEY WORDS: Health expenditure, Gross Domestic Product, Per capita Income.

1. INTRODUCTION:

A country's economic progress and health status are significantly influenced by its health expenditure. India has a low share of health spending in both the Gross Domestic Product (GDP) and public health spending when compared to developed countries despite the fact that it has higher health expenditure as a percent of GDP than most Asian economies. (GOI, 2009). To combat this, the Union government has been implemented in the health sector through the National Rural Health Mission (NRHM) and other smaller programmes. Since its launched in 2005, the NRHM has expanded rapidly and has become a significant component of health spending in Indian States. According to National Health Accounts for the year 2016-17, total health expenditure in the country was estimated at 3.8 percent of GDP and Rs. 4381 per capita, which is extremely low. In this view,

2. OBJECTIVE:

To evaluate the public health spending in different states of India in terms of its Gross State Domestic Product (GSDP) and Per capita Income.

3. DATA AND METHODOLOGY:

Health Expenditure and health system financing information were taken from the National Health Accounts (NHA) database of the World Health Organization. It is an accepted methodology to calculate the actual health expenditure in the health sector from all sources (government, private and external donors). Besides this, the different budget estimates were used for the study.

Health expenditure in relation to GDP = Total Health Expenditure / GDP * 100

Health expenditure per capita = Total Health Expenditure / Population

Share of Public Expenditure on Health = $\frac{\text{Public Expenditure on Health}}{\text{Total Expenditure on Health}} \times 100$

Share of Government Expenditure on Health in Total Government Expenditure =

$\frac{\text{Government Expenditure on Health}}{\text{Total Government Expenditure}} \times 100$

4. RESULTS:

4.1. Sources of health spending in India:

The first systematic analysis of the distribution of health spending in India by source of funds was published in the National Health Accounts of India. The results are shown in figure 1.

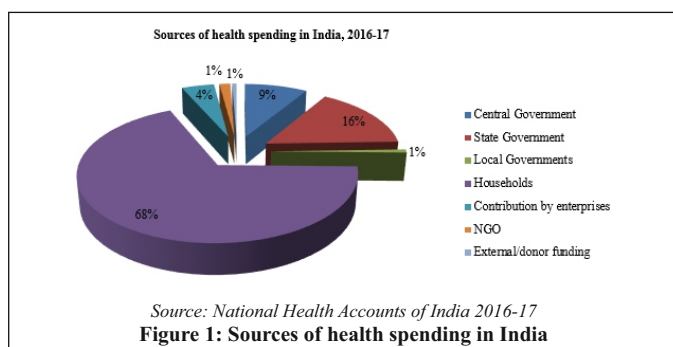
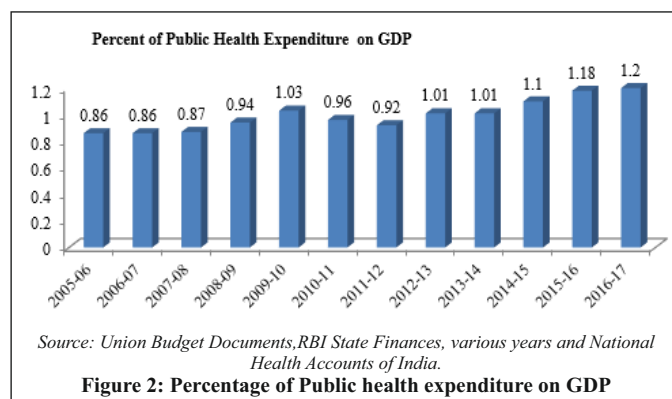


Figure 1 shows the sources of health spending in India during the 2016-17 years. It observed that households account 68 percent of health spending. Public health spending as a percentage of total health expenditure is low. The central share, the state share, and the local body's share altogether constitute only 26 percent. That shows that more than three by fourth households spend health expenditure out of their own pockets.

4.2 Public Expenditure on Health in India:

After 2005, with the implementation of the National Rural Health Mission (NRHM) in India, the level of public expenditure on health has gone up marginally, but it still falls far short of 3 percent of GDP.



The trends in public expenditure on health as percent of GDP are shown in Figure 2. At that time of the introduction of NRHM, India's public expenditure as a percent of GDP was 0.86. After that, public health expenditure rose gradually and reached 1.03 percent of GDP during the period 2009-10. The GDP steadily declined during the years 2010-11 and 2011-12. At that time, the expenditure on Water Supply and Sanitation was excluded. Realising the low level of GDP introduced on Universal Health Coverage (UHC) in 2012. It was recommended to increase public health care financing to 2.5 percent of GDP by 2017 and 3 percent of GDP by 2022. After that public expenditure increased slowly and was stagnant at 1.01 percent of GDP in 2012-13 and 2013-14. In order to provide for universalization of healthcare with a health in all approach, the National Health Policy was introduced in 2017. This policy proposes a time-bound increase in public spending to 2.5 percent of GDP by 2025. The Ayushman Bharat Mission was launched in 2018 as suggested by the national health policy of 2017 to achieve universal health coverage (UHC) and also increase the GDP.

4.3 Inter State Analysis of Public Health Expenditure:

Health is State subject and state policies have a significant impact on the public health expenditures in India. The central government's role has been to fund centrally sponsored schemes, to develop policies and guidelines and to provide statutory grants or general transfers to the states.

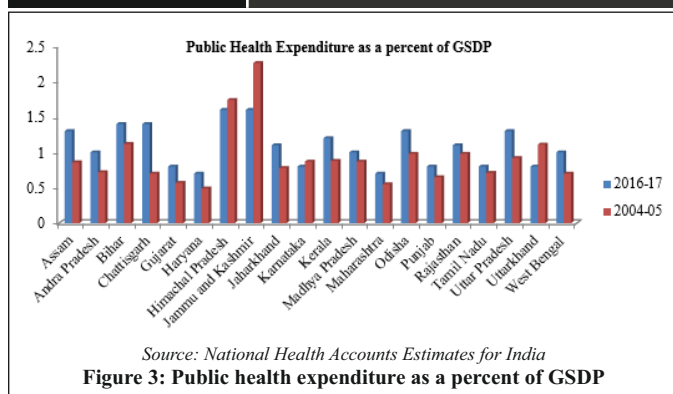


Figure 3 reveals that the public expenditure increased in the states after the introduction of NRHM except for Himachal Pradesh, Jammu & Kashmir, Karnataka and Uttarakhand. The states of Jammu & Kashmir and Himachal Pradesh spent more than 2 percent of GSDP before the introduction of NRHM and after these state's GSDP was reduced. During the 2016-17 period, the economically advanced states such as Maharashtra, Haryana, Gujarat, Punjab, Tamil Nadu and Karnataka were spending less than one percent of their GSDP on health. Shortages in these state's contributions are due to their low prioritisation of health over other development needs.

4.4 State Share of Public Expenditure on Health (PHE):

In 2005, India embarked on a concerted effort to increase government health spending from less than 1 percent of GDP to 2-3 percent of GDP in 7 years.

Table No.1: State Share of Public Health Expenditure (PHE)

States	State Share of PHE 2004-05	State Share of PHE 2016-17	Percentage change over the period
Assam	20.89	38.97	+18.08
Andhra Pradesh	17.99	24.46	+6.47
Bihar	18.15	21.35	+3.20
Chattisgarh	18.94	33.90	+14.97
Gujarat	20.81	38.59	+17.77
Haryana	18.83	29.59	+10.76
Himachal Pradesh	41.70	51.18	+9.49
Jammu & Kashmir	51.17	38.83	-12.34
Jharkhand	31.02	31.02	+0.0
Karnataka	28.06	26.80	-1.28
Kerala	9.73	26.59	+16.86
Madhya Pradesh	18.36	28.75	+10.39
Maharashtra	16.81	23.33	+6.51
Odisha	20.28	27.31	+7.02
Punjab	18.18	19.79	+1.61
Rajasthan	24.45	33.01	+8.56
Tamil Nadu	17.72	27.32	+9.60
Uttar Pradesh	13.12	22.25	+9.13
Uttarakhand	34.18	36.08	+1.89
West Bengal	13.72	21.18	+7.46

Source: National Health Accounts Estimates of India

It is clear that after NRHM, the share of public health expenditure increased throughout the states except for Jammu Kashmir and Karnataka. In the period of 2004-05, the public health expenditure was lowest in the state of Kerala (9.73 per cent). After that public health expenditure increased by more than one-fourth of the state's total health expenditure in Kerala. Besides from Kerala, states such as Assam, Chattisgarh, Gujarat, Haryana and Madhya Pradesh increased their public health spending by more than 10 percent. Himachal Pradesh was the only state that utilized more than 50 percent of its public health expenditure to the state health expenditure.

4.5 State Share of Health in Government Expenditure (GE):

The state's own priority for the health sector is estimated from the state budget.

Table 2: State Share of Health in Government expenditure

States	Share of GE 2004-05	Share of GE 2016-17	% Change over the period
Assam	3.1	3.3	+0.2
Andhra Pradesh	3.2	4.2	+1.0
Bihar	4.1	6.4	+1.3
Chattisgarh	3.4	4.0	+0.6
Gujarat	3.1	2.1	-1.0
Haryana	3.2	2.2	-1.0
Himachal Pradesh	5.0	3.1	-1.9
Jammu & Kashmir	4.9	4.1	-0.8
Jharkhand	3.8	3.5	-0.3
Karnataka	3.8	2.8	-1.0
Kerala	4.7	4.5	-0.2
Madhya Pradesh	3.2	3.4	+0.2
Maharashtra	2.9	2.9	+0.0
Odisha	4.4	4.6	+0.2
Punjab	3.0	4.0	+1.0
Rajasthan	3.9	3.4	-0.5
Tamil Nadu	3.4	2.8	-0.6
Uttar Pradesh	3.9	6.1	+2.3
Uttarakhand	1.1	2.3	+1.2
West Bengal	4.3	4.7	+0.4

Source: National Health Accounts Estimates of India

From the table, it is observed that the majority of states reduced the share of health after the introduction of NRHM. The highest decline is observed in economically advanced states like Himachal Pradesh, Haryana, Gujarat and Karnataka. Besides these states, Kerala, Tamil Nadu and Rajasthan show negative growth. The wealthier states should contribute more to health, which will reduce out of pocket expenditure while achieving the targets of 2.5–3 percent of GDP. The highest increase in the share of health in Government Expenditure is 2.3 percent exhibited in the poorer state Uttar Pradesh. Governments at the state level are run by different political parties and competition among them should improve the performances of individual states. This issue is of high political and electoral interest and shortfalls in these state's contributions are the result of low prioritization of health and diverting the funds away from other development.

4.6 Public Health Expenditure per capita:

The real per capita health expenditure (2011-12 prices) and the state share of total budget for health are shown in Table 3. Kerala, with higher human development indices has the highest per capita spending during 2017-18 whereas Bihar spends the least.

Table 3: Per capita Health Spending and its share in State Expenditure, 2016-17

State	Per capita Health Spending Rs.	Rank	Share in State expenditure	Rank
Assam	2562	19	15.41	15
Andhra Pradesh	4600	7	22.06	6
Bihar	2358	18	22.04	7
Chattisgarh	3648	14	17.72	13
Gujarat	3703	13	18.77	10
Haryana	4533	8	16.26	14
Himachal Pradesh	5501	3	13.35	18
Karnataka	5183	5	21.37	8
Jammu & Kashmir	3952	12	10.68	19
Kerala	8083	1	27.95	3
Madhya Pradesh	2820	17	14.98	16
Maharashtra	5210	4	26.40	4
Odisha	4059	10	18.14	11
Punjab	5960	2	28.98	1
Rajasthan	3412	16	17.76	12
Tamil Nadu	4734	6	20.96	9
Uttar Pradesh	3469	15	24.69	5
Uttarakhand	4019	11	14.63	17
West Bengal	4277	9	28.27	2

The health expenditure in real per capita shows there is high interstate variation. In the low income states like Bihar, Madhya Pradesh and Rajasthan people spend very little on health. In these states, the state share of health is also low. The share of state expenditure on health shows that Punjab, West Bengal and Kerala spend nearly 28 percent of their state budget. In the high income state Himachal Pradesh the percapita health spending is 5501 rupees but the share of state expenditure to health expenditure is only 13.35 percent lowest in the Indian states. There is a need for higher public spending to reduce out of pocket expenditure.

5. SUGGESTION:

Indian health care policies and programmes have been deeply influenced by international developments and bodies. The implementation has been managed by the local bureaucracy and political leadership, which has led to underutilization and failures. Training has given them an understanding of factors associated with health expenditure that would help them to better plan for the future.

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